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O 200832Z JUN 08  
FM AMEMBASSY RANGOON  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 7802  
INFO RUCNASE/ASEAN MEMBER COLLECTIVE  
RUEHBY/AMEMBASSY CANBERRA 1292  
RUEHBJ/AMEMBASSY BEIJING 1904  
RUEHKA/AMEMBASSY DHAKA 4901  
RUEHNE/AMEMBASSY NEW DELHI 4828  
RUEHUL/AMEMBASSY SEOUL 8380  
RUEHKO/AMEMBASSY TOKYO 5942  
RUEHCN/AMCONSUL CHENGDU 1495  
RUEHCHI/AMCONSUL CHIANG MAI 1662  
RUEHCI/AMCONSUL KOLKATA 0353  
RUEAAIA/CIA WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEKJCS/DIA WASHDC  
RUEHGV/USMISSION GENEVA 3835  
RHEHNSC/NSC WASHDC  
RUEKJCS/SECDEF WASHDC  
RUEKJCS/Joint STAFF WASHDC  
RUCNDT/USMISSION USUN NEW YORK 1776  
RUEHBS/USEU BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 04 RANGOON 000500

SIPDIS

STATE FOR EAP/MLS; INR/EAP; OES FOR JMIOTKE AND ACOVINGTON;  
EAP FOR JYAMAMOTO; EEB FOR TSAEGER  
DEPT PASS TO USAID, USAID/OFDA  
PACOM FOR FPA;  
TREASURY FOR OASIA:SCHUN

E.O. 12958: DECL: 06/20/2018  
TAGS: ECON ENRG PGOV EPET SENV BM  
SUBJECT: BURMA: POWER LINES UP BUT POWER STILL SPORADIC

REF: A. RANGOON 390  
1B. RANGOON 384  
1C. RANGOON 348  
1D. 07 RANGOON 817

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Classified By: Economic Officer Samantha A. Carl-Yoder for Reasons 1.4  
(b and d)

1. (C) Summary. Six weeks after Cyclone Nargis devastated Burma, the GOB has made progress restoring power to Rangoon Division. While Yangon City Electric Supply Board (YESB) officials claim that 90 percent of townships in Rangoon Division have electricity, the reality is that YESB staff have reestablished electrical connections to 90 percent of townships, but electricity does not run through all of them yet. The supply of electricity remains sporadic, and both homes and businesses rely on generators to supply power an average of 12 hours a day. The Ministry of Electric Power-2 has reconnected Rangoon to the national grid, although electricity from the national grid cannot meet Rangoon's demand of 533 megawatts a day. YESB continues to generate electricity at its four power stations using gas; officials expect that the hydropower plants will generate a 24-hour supply of electricity for Rangoon by July. Although YESB spent more than \$5.16 million to restore power in Rangoon Division, factory owners told us that YESB charged factories more than \$300 before it would begin repairing electrical lines in the industrial zones. Factory owners estimate that YESB could have raised more than \$5 million from the more than 17,000 factories registered in Rangoon. YESB officials claim that there are no plans to increase electricity rates in the short term. End Summary.

Setting Up Power Lines

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**¶2. (C)** Officials from the Yangon City Electric Supply Board (YESB) and the Myanmar Electric Power Enterprise (MEPE) continue to work to restore power to Rangoon. While YESB officials have publicly stated that 90 percent of Rangoon Division has electricity, Lt. Colonel Maung Maung Latt (Rtd.), Secretary of YESB, told us privately that YESB staff restored electrical connections to 90 percent of Rangoon Division. YESB is still installing power lines in four of the 54 townships, all of which are located in Southern Rangoon Division, the part of Rangoon Division hardest hit by the cyclone. (Note: Officially, there are 45 townships in Rangoon Division. For its purposes, YESB counts 54 townships, which are listed below. End Note). While there are new power lines all around Rangoon, electricity does not run through all of them, he admitted. Electricity supply remains sporadic, and homes and businesses continue to rely on generators for power. Lt. Colonel Maung Maung Latt acknowledged that most areas of Rangoon experience electricity outages an average of 12 hours a day.

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Electricity in Rangoon Division Townships  
As of June 17, 2008

Location	Percentage/Tsps with Power Lines	As Of
<b>Eastern Rangoon</b>		
--Tamwe	100	June 2
--South Okkalapa	100	June 1
--North Okkalapa	100	June 2
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--Dagon (Port)	100	June 3
--Dagon (South)	100	June 8
--Dagon (North)	100	June 3
--Dagon (East)	100	June 8
--Daw Bon	100	June 1
--Pazuntaung	100	May 20
--Botahtaung	100	May 16
--Mingala Taungnyunt	100	June 1
--Yankin	100	June 1
--Thaketa	100	June 4
--Thingangyun	100	June 2
--Shwe Pauk Kan	100	May 24
<b>Western Rangoon</b>		
--Kamayut	100	May 26
--Kyimyindine	100	May 30
--Kyauktada	100	May 13
--Sanchaung	100	May 27
--Seikkan	100	May 11
--West Dagon	100	May 26
--Pabetan	100	May 13
--Bahan	100	May 27
--Mayangon	100	May 31
--Latha	100	May 13
--Hlaing	100	May 30
--Lanmadaw	100	May 13
--Ahlon	100	May 27
<b>Northern Rangoon</b>		
--Insein	100	June 1
--Mingaladon	100	June 4
--Shwe Pyi Tha	100	June 1
--Hlaing Thayar	100	June 5
--Hleku	100	June 1
--Hmawbi	100	June 4
--Htaukkyant	100	June 4
--Taik Kyi	100	May 17
--Phaung Gyi	100	May 20
--Okkan	100	May 16
--Htantabin	100	June 16
--Da Bain	100	June 16

--Aphyuak

100

May 9

Southern Rangoon		
--Thanlayin	99	--
--Kyauktan	99	--
--Thonekwa	100	June 17
--Khayan	100	June 16
--Tuntay	100	June 17
--Kun Chan Kone	80	--
--Kawhmu	80	--
--Dala	100	June 17
--Sikkyi Khanaungto	100	June 17
--Lek Khoke Kone	100	June 11
--Teta	100	June 17
--Koko Island	100	June 8
--Kyaikhto	100	June 11

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¶4. (C) The GOB intends to restore power to all of Rangoon city as soon as possible, Lt. Col. Maung Maung Latt emphasized (Refs A, B, C). He predicted that all 54 townships would be outfitted with electrical power lines by the end of June. Currently, YESB has 100 hundred of its staff working in the remaining four townships, repairing damaged power lines, constructing new posts to hang power lines, and clearing trees and debris. Lt. Col. Maung Maung

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Latt confessed that restoring power to Southern Rangoon was not a priority because it was so poor (Ref A). YESB was ordered to restore power to wealthier areas first, he said. It was only in the last week that YESB staff reconnected many townships in Southern Rangoon to the national grid.

Power Still in Short Supply

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¶5. (C) Although the Ministry of Electric Power-2 has successfully reconnected Rangoon to the national grid, Rangoon still obtains most of its power from YESB's four local electric stations. The four substations use gas-powered steam turbines to make electricity. While the Rangoon substations began drawing power from the national grid the first week in June, supplies still cannot meet demand. U Nyo Win, YESB Deputy Chief Engineer, told us that the hydropower plants in Lawpita and Paunglaung (the two largest hydropower plants on the national grid that supply Rangoon) do not have enough water to generate electricity to meet Rangoon's demand, which averages 533 megawatts a day. Rangoon currently receives an average of 436 megawatts a day; this supply is not evenly distributed between the townships. He admitted that the Wealthier townships, or the areas where senior military officials live, receive more electricity than poorer areas. He noted, however, that as Burma moves into its rainy season, the Ministry of Electric Power-2 predicts that all areas of Rangoon will receive a 24-hour supply of electricity, perhaps as early as July.

Rising Electricity Prices?

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¶6. (C) Although YESB spent more than \$5.16 million to restore electrical power lines and reconnect Rangoon to the national grid, YESB and the Ministry of Electric Power-2 have no plans to raise electricity prices in Rangoon, currently set at 25 kyat/unit for households and 50 kyat/unit for industrial use. YESB used its own funds - profits from the sale of electricity - to pay for the repairs, Lt. Col. Maung Maung Latt proudly told us. When asked how YESB would recoup its funds, he stated that YESB had petitioned the Ministry of Electric Power-2 for assistance.

¶7. (C) Several business contacts told us that before beginning reconstruction of power lines in the industrial zones, YESB collected a "maintenance and rehabilitation fee" of 350,000 kyat (\$318) from each factory to help cover costs.

U Zaw Min Oo, Director of Crocodile Trading Company, estimated that YESB collected more than \$100,000 from the 351 factories located in Rangoon's Hlaing Tha Yar Industrial Zone. With more than 17,000 factories registered in Rangoon's industrial zones (Ref D), YESB could have collected more than \$5 million, enough to cover the repair costs, he opined. Additionally, factories now must pay YESB an additional maintenance fee of 36,000 kyat a month (\$33). YESB did not pay for the repairs out of its pocket, but instead likely earned a profit, he commented.

Comment

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¶8. (C) Installing power lines in Rangoon Division is not the same as providing electricity. Burma does not generate enough electricity to meet Rangoon's demand, let alone for the entire country, even during the rainy season. However, instead of looking for ways to generate additional power for

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domestic use, the regime grants contracts to foreign companies for the construction of hydroelectric dams and power plants to export electricity to Thailand and China. Rent seeking is not limited to the top officials - YESB's practice of overcharging businesses for repairs shows how all levels of the regime look out for their own economic interests. Similarly, the focus on wealthier neighborhoods over the poorer ones reveals the regime's priorities. The people never come first.

VILLAROSA